THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) Reserve Bank of India (RBI) had constituted an Advisory Council with effect from 16th November, 1994 to tender advice to the Board for Financial Supervision on such matters relating to supervision and inspection of the financial system, as may be deemed fit by the Board.

(b) At present no representatives or votaries of the small scale sector are included in the Advisory Council.

(c) The Advisory Council consists of the following members:—

(1) Justice E. S. Venkataramaiah

(2) Dr. L. C. Gupta

(3) Shri M. M. K. Wali

(4) Shri S. Padmanabhan

(5) Shri P. R. Khanna

The Governor, RBI shall, whenever present, preside over the meetings of the Advisory Council and Vice-Chairman and Member of the Board shall be permanent invitees to the meetings of the Council.

Irregularities in Bombay and Calcutta Stock Exchanges

6910. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that transaction in Bombay stock market had to be suspended for a number of days recently;

(b) if so, the details and reasons therefor; and

(c) what steps are being contemplated to set up adequate safeguards to prevent irregularities in Bombay and Calcutta stock markets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) Yes, Sir. The Bombay stock Exchange suspended trading for three consecutive sessions from March 20,1995 to March 22, 1995 because of a payments crisis which developed following the default of a member Broker. The member failed to make a net payment of Rs. 13.1 crores for the combined B Group settlement Nos. 35,36 and 37. Consequently the member was declared a defaulter on March 18, 1995. Consequent to the default of the member, the liability position of more than 50 other members of the Exchange, having a business relationship with the member in the scrip of M/s. M. S. Shoes East Ltd., underwent a change and the Stock Exchange felt it necessary to assess the liability position of these members. It was, therefore, considered expedient to close the Exchange.

(c) Securities and Exchange Board of India has been, on a regular basis, advising the stock exchanges to be alert to the problems arising out of a falling market, clubbing of settlements and facility of renewals. Furthermore, stock exchanges are making efforts to monitor the settlementwise position of every member in the change

SEBI to amend rules to curtail issues

6911. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention have been drawn to the news item appearing in Economic Times of 12th April, 1995 title "SEBI to amend rules to curtail issues on offing"; and

(b) if so, the details and Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY): (a) and (b) The information is being collected and will be laid on the Table of the House.